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EXECUTIVE SECRETARIAT

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2	DDCI		X		
3	D/DCI/RM				
4	DD/NFA		X		
5	D/DCI/CT				
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9	GC		X (Attn: [redacted])		
10	IC	X			
11	IG				
12	Compt				
13	D/PA				
14	D/EEO				
15	D/PPPM				
16	AO/DCI				
17	PB/NSC				
18	SA/DCI/CI		X		
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SUSPENSE		Date			

Remarks: To 10: Please consult (4) and (9) and have the appropriate officer get in touch with Staffer Rovner.

19 February 1981

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Congress of the United States

Committee on Foreign Affairs

House of Representatives
 Washington, D.C. 20515

CLC #8/104/1

February 16, 1981

The Honorable William J. Casey
 Director
 Central Intelligence Agency
 Washington, D. C.

Dear Mr. Casey:

Pursuant to its jurisdiction over the Export Administration Act of 1979, the Subcommittee on International Economic Policy and Trade plans a hearing on the subject of enforcement of U.S. national security export controls. The hearing is scheduled for Thursday, March 12, at 2:00 p.m., in Room 2255 of the Rayburn House Office Building.

I am scheduling these hearings because of increasing concern over possibly extensive circumvention of U.S. controls on technology transfer to the Soviet Union and Eastern Europe through such means as illegal exports and re-exports, technology smuggling, industrial espionage, exchange programs and conferences, and foreign acquisition of U.S. technology companies.

Among the questions the subcommittee wishes to pursue are the following:

(1) What resources of the United States government are devoted to the enforcement of national security controls? What are the functions of the Compliance Division of the Office of Export Administration, the U.S. Customs Service, the Central Intelligence Agency, the Federal Bureau of Investigation, the Department of State, and other agencies? What staff resources are devoted by these agencies to these tasks? How do the various agencies involved interact and coordinate with each other?

(2) How are U.S. export control laws and the terms of export licenses enforced on U.S. exporters?

(3) How much do we know about, and how much control are we able to exercise over, unauthorized re-exports of U.S. technology by third countries to proscribed destinations? What specific methods are employed to discover and deter diversions? How extensive is extraterritorial enforcement? How much cooperation do we receive from foreign governments in enforcing the terms of export? What working arrangements do we have with such governments, and what mechanisms are employed?

The Honorable William J. Casey
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(4) How, and how effectively, is our government able to assert control over transfers of knowhow through visits of foreign trade missions, scientists, and students to this country, and visits of U.S. businessmen and scientists abroad?

(5) How does our government control technology transfer through foreign acquisitions of U.S. technology companies, particularly by Eastern European interests?

(6) What other problems of unauthorized technology transfer should be brought to the attention of the subcommittee?

(7) How serious are each of the problems referred to above, and how adequate are our government's response and the resources devoted to the task?

(8) How many prosecutions for violations of national security controls have been attempted in recent years, how many have been successful, and what penalties have been imposed? Why does our government impose mostly administrative penalties (fines) and rarely bring criminal charges or revoke export privileges? Are existing penalties an effective deterrent?

(9) What is the current status of the "denial list" of foreign firms denied U.S. export privileges? How many entities are now on the list? How effective is this mechanism as an enforcement device?

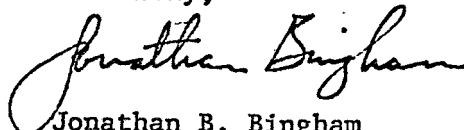
(10) What recommendations do you have for the Subcommittee as to how we might provide for more adequate enforcement in the legislation and the budget?

The hearing will begin in open session and it is my intention to discuss as many of these issues as appropriate on the public record. However, the Subcommittee is prepared to go into executive session at the conclusion of the open session for further discussion of the more sensitive issues. Details may be worked out with staff.

→ || I request that you ask the appropriate person in your agency immediately to contact Carol Rovner, Subcommittee Staff Associate (225-3246) to discuss details and scheduling.

Thank you for your cooperation. The Subcommittee looks forward to your appearance.

Sincerely,



Jonathan B. Bingham
Chairman

Subcommittee on International
Economic Policy and Trade

JBB:se